

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 283

Finance

(Senators Washington and Augustine)

Economic Matters

Department of Human Services - Electric Universal Service Program - Eligibility

This bill requires the Department of Human Services (DHS) to authorize electric universal service program (EUSP) benefits for an electric customer who (1) does not meet the eligibility requirements for the federal Low Income Home Energy Assistance Program (LIHEAP) and (2) has an annual income at or below 175% of the federal poverty level (FPL) if the customer is younger than age 67 or at or below 200% FPL if the customer is at least age 67.

Fiscal Summary

State Effect: DHS can determine EUSP eligibility with existing budgeted resources. Special fund expenditures for DHS' Office of Home Energy Programs (OHEP) increase by an indeterminate amount beginning in FY 2023 to provide additional EUSP benefits. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: OHEP administers a variety of energy assistance programs and services for residential customers using local administering agencies, including local departments of social services, in each county and Baltimore City. These programs include, among others, EUSP and the Maryland Energy Assistance Program (MEAP), which is Maryland's version of LIHEAP.

Both programs require a household income at or below 175% FPL – in fiscal 2022, \$40,303 for a household of three. Per program regulations, to be eligible for assistance under MEAP, members of the household must be U.S. citizens or qualified aliens; for EUSP, only an applicant must be a U.S. citizen, legal immigrant, or qualified alien. A single energy assistance application is required for both EUSP and MEAP. Social Security Number (SSN) verification is required for all household members, as well as documentation of income for each household member age 18 or older. On the energy assistance application, applicants can choose to apply for only EUSP, for only MEAP, or for other programs such as arrearage retirement assistance.

According to a *Joint Chairmen's Report* response submitted by OHEP in December 2021, in fiscal 2022 (through November 1, 2021), a total of 43,370 MEAP and 41,867 EUSP applications were received, with a 23% and 22% denial rate, respectively. The top reasons for denial for both programs were (1) incomplete information (including missing photo identification, SSN, proof of residence, proof of section 8/utility supplement forms, required OHEP forms, verification of living arrangement, or provider statements); (2) the applicant's income exceeded 175% FPL; and (3) failure to provide proof of income (but all other documents submitted). An applicant has 90 days from the date of application to return any missing documents for reconsideration.

Electric Universal Service Program

EUSP helps the State's vulnerable populations and other traditionally underserved populations pay their electric bills, minimize crises, and reduce their electric costs. Benefits include bill payment assistance and arrearage retirement assistance. The Department of Housing and Community Development may also provide weatherization benefits from revenues collected for this program as appropriated in the budget. EUSP is funded by a combination of sources: (1) a ratepayer surcharge on electric bills; (2) an allocation of revenue from the Regional Greenhouse Gas Initiative carbon dioxide emission allowance auctions (budgeted through the Strategic Energy Investment Fund); and (3) when available, if needed, LIHEAP.

Families eligible for EUSP must have (1) incomes at or below 175% FPL; (2) an electric bill responsibility; and (3) a household member who is a citizen, legal immigrant, or qualified alien. Households must also agree to a budget billing or monthly crediting plan. Households must also have a past due balance of at least \$300 to receive arrearage assistance. Households are only eligible for arrearage assistance once every seven years, except in limited circumstances. The program is open to all eligible individuals on a first-come, first-served basis and is limited by the availability of funds.

Maryland Energy Assistance Program

MEAP helps the State's vulnerable populations pay their heating bills, minimize crises, and make heating costs more affordable. Benefits include utility and fossil fuel payments, the Utility Service Protection Program, referrals to weatherization services, emergency heating system repairs/replacement, waivers on utility fees, and discounts on fuel purchases.

MEAP is 100% federally funded by LIHEAP. In general, MEAP benefits are paid directly to the building operator, property management company, or landlord if they agree to reduce the tenant's utility charge or rent by the amount of the benefit received on the resident's behalf. However, it is possible for a resident to receive the benefit directly if the heating bill is in the resident's name. To qualify for MEAP, a family must have an income at or below 175% FPL with a heating bill responsibility and be U.S. citizens. Roomers and boarders may receive a benefit separate from the household from whom they are renting.

State Expenditures: OHEP expenditures increase by an indeterminate amount beginning in fiscal 2023 to provide additional EUSP benefits as a result of the bill's changes. Due to insufficient data on the number of electric customers who do not meet eligibility requirements for LIHEAP, meet the specified income requirements, and would be provided with EUSP benefits under the bill, the Department of Legislative Services advises that the increase in OHEP expenditures cannot be reliably estimated at this time.

In fiscal 2021, approximately 39,607 households received a total of \$22.8 million in EUSP benefits, with an average bill payment benefit of \$471 per household and an average arrearage payment of \$906 per household. For MEAP, in fiscal 2021, a total of \$20.5 million in benefits were paid to approximately 40,110 households, with an average benefit of \$510 per household.

For illustrative purposes only, based on the average EUSP benefits provided in fiscal 2021, for every 1,000 additional households provided with EUSP bill payment benefits, OHEP expenditures increase by \$471,000 annually. For every 1,000 additional households provided with EUSP arrearage assistance, OHEP expenditures increase by \$906,000 annually.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 138 (Delegate Charkoudian) - Economic Matters.

Information Source(s): Department of Human Services; Office of People's Counsel; Public Service Commission; Department of Legislative Services

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